Expansion of the Homeowners Assistance Program (HAP) by the American Recovery and Reinvestment Act of 2009

Cal Pierce

Assistant Program Manager

HQUSACE

US Army Corps of Engineers

BUILDING STRONG®

Basis for HAP

Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966.

- **Conventional HAP** - Provides some financial relief for service member and civilian homeowners whose homes loose value as a result of a DOD announced closure or realignment.
- **Expanded HAP** – No requirement to prove market decline was caused by the BRAC announcement. Provides relief due to mortgage crisis.

HAP Expansion

- The American Recovery and Reinvestment Act of 2009 authorizes expansion of HAP benefits:
  - Wounded, Injured, Ill and Surviving Spouse homeowners.
  - BRAC 05 organizations without proof of causal relationship.
  - Service member homeowners permanently reassigned (PCS) during the home mortgage crisis.

Military Wounded, Injured, Ill Eligibility

- Any member of the Armed Forces (including Coast Guard) in medical transition who:
  - Incurred a wound, injury, or illness in the line of duty during a deployment on or after 11 Sep 2001; and is
  - Disabled to a degree of 30 percent or more as a result of such wound, injury, or illness; and
  - Reassigned in furtherance of medical treatment or rehabilitation, or due to medical retirement in connection with such disability, and
  - Establish an adequate nexus between condition and decision to relocate from primary residence.

Military Eligibility Tied to Deployment

Deployment: Performing service in a training exercise or operation at a location or under circumstances that make it impossible or not feasible for the member to spend off-duty time in the housing in which the member resides when on garrison or installation duty at the member's permanent duty station, or home port, as the case may be.

Civilian Eligibility Tied to Forward Deployment

Forward Deployment:
Performing service in an area where the Secretary of Defense or the Secretary's designee has determined that Service members are subject to hostile fire or imminent danger under Section 310(a)(2) of title 37, United States Code.

Surviving Spouse Eligibility

- The spouse of a member of the Armed Forces or a civilian employee of the Department of Defense or the United States Coast Guard if:
  - The member or employee dies as a result of a wound, injury, or illness while deployed (or forward deployed for civilian employees) on or after September 11, 2001, and
  - The spouse relocates from the member's or civilian employee's primary residence within two years of the death of the spouse.

BRAC 05 Eligibility

- Military personnel and civilian employees
- Temporary and contractor employees are not eligible
- BRAC Announcement Date: 13 May 2005
- Assigned to BRAC organization/installation on 13 May 2005
- Position must be relocated or eliminated
- Owner/occupant of primary residence as of 13 May 2005
- Sell home between 1 Jul 2006 and 30 Sep 2012
- Organization and residence must move at least 50 miles to new location
- Civilian retirees eligible only when position relocated or eliminated
- Military retirees eligible only for mandatory retirement

Military PCS Eligibility

- Military personnel only
- New accessions (entering active duty) are not eligible
- PCS orders dated 1 Feb 2006 thru 30 Sep 2010*
- Property is primary residence on date of PCS orders
- Must have purchased home prior to 1 Jul 2006
- Sell home after 1 July 2006
- Member must move primary residence at least 50 miles
- Receive benefits only once under this expanded program

* **Note: Pending availability of funds**

BRAC 05 & Military PCS Property Value Requirements

- **Home values in the county of residence must have declined at least 10% between 1 Jul 06 and date of application**

- Individual home value must have declined at least 10% from date of purchase to date of sale

Home Purchase Price Cap of Expanded HAP

- **2009 Fannie Mae/Freddie Mac conforming loan limits by county**
- **Nationwide Range: $417,000 - $729,750**
- Maximum Purchase Price (PFMV): $729,750
- Applies to all ARRA applicant homes.

BUILDING STRONG®

Tax Liability of Expanded HAP Benefits

- Expanded HAP benefit tax liability was eliminated when the President signed the Unemployment Compensation Extension Act of 2009 into law on 7 Nov 2009.

WII and SS Benefits

- **Foreclosure:** Assist after the foreclosure. Benefits may include direct cost of judicial foreclosure, expenses and enforceable liabilities according to the terms of the promissory note

- **Private Sale:** Reimburse:

  95% of purchase price - sale price + seller's closing costs

  Note: Maximum home purchase price / PFMV = $729,750

Private Sale

Benefit pays up to 95% of purchase price.

- Purchase price (PFMV) of $200,000 X 95% = $190,000
- Applicant sells house (CFMV) for $150,000
- Mortgage payoff amount $130,000
- Basic HAP benefit = $190,000 - $150,000 $40,000
- HAP reimbursement of closing costs (7% of sale price) $10,500*
- Cash after mortgage payoff $60,000
  Military applicants $70,500
- Taxable liability (Unemployment Compensation Extension Act of 2009) $0

Notes:

1. * Military applicants only. Civilian employees receive reimbursement of closing costs as part of relocation
2. Maximum purchase price / PFMV = $729,750.

.

WII and SS Benefits

- **Govt. Acquisition:** Reimburse the greater of

  90% of purchase price

  OR

  Mortgage payoff

Note: HAP will not reimburse or pay-off second mortgages, including equity lines of credit, unless obtained when home purchased, or funds were used to improve home.

Government Acquisition

Benefit pays > of 90% of purchase price or Mortgage Payoff

- Purchase price (PFMV) of $200,000 X 90% = $180,000
- Applicant sells house (CFMV) for $150,000
- Mortgage payoff amount $190,000
- Cash after mortgage payoff $0
- Taxable liability $0

Maximum purchase price / PFMV = $729,750.

BRAC 05 & Mil. PCS Benefits

- **Foreclosure:** Assist after the foreclosure. Benefits may include direct cost of judicial foreclosure, expenses and enforceable liabilities according to the terms of the promissory note.

- **Private Sale:** Reimbursement of 90% of purchase price less sale price plus closing costs (Mil only)

Note: Maximum home purchase price / PFMV = $729,750

Private Sale

Benefit pays up to 90% of purchase price.

- Purchase price (PFMV) of $200,000 X 90% = $180,000
- Applicant sells house (CFMV) for $150,000
- Mortgage payoff amount $130,000
- Basic HAP benefit = $180,000 - $150,000 $30,000
- Cash after mortgage payoff $50,000
- HAP reimbursement of closing costs (7% of sale price) $10,500*

Military applicants $60,500

- Taxable liability **(Unemployment Compensation Extension Act of 2009)** $0

Notes:

*** Military applicants only. Civilian employees receive reimbursement of closing costs as part of relocation**

- Maximum purchase price / PFMV = $729,750.

BRAC 05 & Mil. PCS Benefits

- **Government Acquisition:** When not able to sell home within 120 days, and approved by HQUSACE, applicant eligible to receive the greater of:

  75% of the purchase price

  OR

  Mortgage payoff

Note: HAP will not reimburse or pay-off second mortgages, including equity lines of credit, unless obtained when home purchased, or funds were used to improve home.

Government Acquisition

Acquire home for 75% of the purchase price or the balance of existing mortgages, whichever is greater…

- Purchase price (PFMV) of $200,000 X 75% — $150,000
- CFMV on date of acquisition — $140,000
- Mortgage payoff amount — $190,000
- Cash payment to applicant (Equity) — $0
- Taxable Liability **(Unemployment Compensation Extension Act of 2009)** — $0

- **Maximum purchase price / PFMV = $729,750.**

Appeals

- HAP applicants may appeal program policies, home value estimates, etc.
- Eligibility criteria specified in the law may not be appealed.
- Appeals must be written (no specified format), and submitted to the executing district for review/approval.
- If appeal is not approved at the district, it will be forwarded to the regional HQ and HQUSACE for consideration. If neither the regional HQ or HQUSACE approve the appeal, it will be forwarded to the DUSD-I&E for final consideration.

Applicant Processing

- Applicants submit application packet. Required documents include:
  - Form HUD-1 – Proof of home purchase price.
  - Proof of ownership - copy of deed.
  - Proof of occupancy at time of announcement, deployment or receipt of PCS orders (e.g., utility bill).

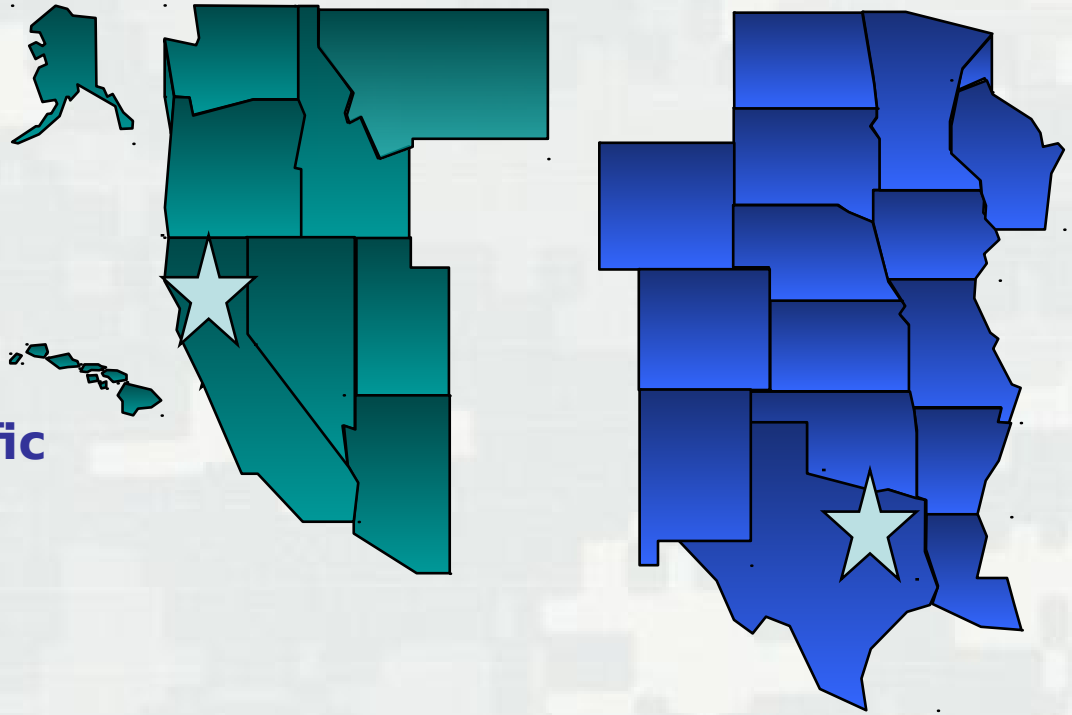
Applicant Processing (Con't)

- Proof of program eligibility:
  - BRAC 05: Proof of assignment to BRAC 05 organization and position relocation/elimination
  - PCS (Military): copy of orders

- Processing priorities:
  - Wounded, Injured, or Ill & Surviving Spouses
  - BRAC 05 Organizations w/o Causal Relationship
  - Military PCS

HAP Centers of Expertise

Sacramento District **Ft. Worth District** **Savannah District**



Pacific

Europe

HOME ABOUT HOW TO APPLY OVERVIEW FIND HAP HOMES FAQS
ELIGIBILITY BENEFITS

WOUNDED, INJURED, ILL WARRIORS & SURVIVING SPOUSES OF FALLEN WARRIORS

EXPANDED HAP FOR BRAC 05 IMPACTED PERSONNEL PCS MEMBERS HAP DEFINITIONS CONTACT US

SUSCRIBE

BEWARE OF BOGUS HAP WEB SITES

The Homeowner's Assistance Program

U.S. Department of Defense – Homeowner's Assistance Program

Overview

Background

(CONVENTIONAL HAP – FOR BRAC WHERE THE ANNOUNCEMENT CAUSES A MARKET DECLINE)

The Homeowners Assistance Program (HAP) is authorized in Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, as amended. The law provides some monetary relief to eligible service member (including Coast Guard) and federal employee (including non-appropriated fund) homeowners who suffer financial loss on the sale of their primary residences when a base closure or realignment announcement causes a decline in the residential real estate market and they are not able to sell their homes under reasonable terms or conditions.

The U.S. Army Corps of Engineers will analyze your community's real estate market, conduct market impact studies, and make a recommendation to the Deputy Assistant Secretary of the Army for Installations and Housing.

This one is on the web at http://homeowners assistanceprogram .com

HAP Website

http://hap.usace.army.mil/

- Program Information
- HAP Application
- FAQs